weekly economic review

February 22, 2013

CPI Inflation

Inflation turns negative

Average consumer prices fell in Alberta for the first time since September 2009. January's inflation reading of -0.5% was mainly the result of declines in energy prices, which have fallen for 4 straight months. In particular, Electricity (-29.5%) fell from a record high set in January 2012, and gasoline (-7.3%) prices tumbled from a year ago. Inflation excluding volatile energy prices remained positive at 1.0%, signaling that underlying price pressures remain subdued.

Nationally, CPI inflation registered a modest 0.5% increase in January, after a 0.8% reading in December. The moderation in consumer price growth can be mainly attributed to declining gasoline (-1.8%) prices. The Bank of Canada's Core inflation measure, which excludes 8 volatile components including gasoline, came in at 1% in January, continuing the trend of weak underlying inflation.

Retail Sales

Alberta consumers ring through the tills in 2012

Supported by strong population growth and a robust labour market, growth in consumer spending accelerated in 2012. Alberta retail sales grew 7.6%, the highest growth rate in five years and the largest increase among the provinces last year. Growth was driven by higher sales of vehicles and clothing & accessories. Nationally, sales were up by a more modest 2.5% over 2011.

On a monthly basis, retail sales ended 2012 on a weaker note. In December, sales dipped for the second consecutive month, but were still up 1.9% over the same month in 2011. The softer growth was mainly due to lower sales of electronics & appliances and food and beverages. Vehicle sales continued to trend above the previous year level, but the year-over-increase moderated to 3.9% in December.

Job Vacancies

Unfilled positions remain high in Alberta

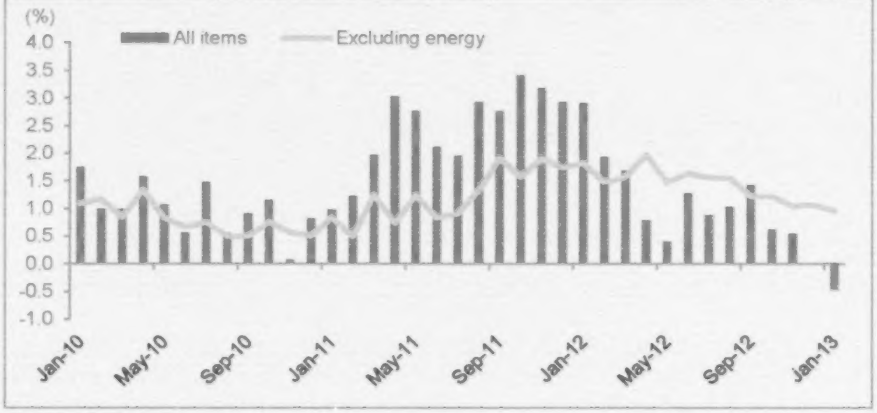
The province's job vacancy rate averaged 2.8% between September and November of 2012, the second highest rate among the provinces, and significantly above the national average of 1.7%. The job vacancy rate is the number of job openings as a share of labour required (employed individuals plus job openings). Over the same period, there were only 1.7 unemployed people for every job opening in Alberta, well below the national average of 5.2.

Residential Investment

Investment in new home construction strong in 2012

Alberta's residential investment reached a five year high in 2012, with growth in multiple units leading the way. Investment in new home construction was up a strong 23.9% in 2012, rebounding from a decline in 2011. The solid growth in residential investment was also reflected in housing starts, which were up an impressive 29.9% in 2012.

Alberta CPI Inflation



Source: Statistics Canada

Closing Prices	February 14, 2013	February 21, 2013	2012–13 Fiscal YTD
Canadian Dollar (US¢/$CAN)	99.92	99.18	100.13
WTI Oil ($US/bbl)	$97.31	$92.84	$91.89
NYMEX Natural Gas ($US/MMBtu)	$3.16	$3.25	$2.97

Alberta Economic Indicators

Population	2011	2012YTD	2013YTD	Aug	Sep	Oct	Nov	Dec	Jan
Population[1] (000's)	3,778	3,874	--	--	--	3,907	--	--	--
y/y % change	1.5	2.5	--	--	--	2.9	--	--	--
Net Interprovincial Migration[1]	8,443	28,170	--	--	--	13,915	--	--	--
Net International Migration[1]	16,703	37,990	--	--	--	10,809	--	--	--
Net Non-permanent Residents[1]	-7,604	9,721	--	--	--	3,946	--	--	--
Labour Market									
Employment (000's), SA	2,094	2,150	2,175	2,155	2,156	2,162	2,170	2,165	2,175
y/y % change	3.8	2.7	1.9	2.1	1.8	1.8	1.9	1.5	1.9
Unemployment Rate (%), SA	5.5	4.6	4.5	4.4	4.4	4.5	4.2	4.5	4.5
Participation Rate (%), SA	73.7	73.4	72.9	73.2	73.1	73.1	73.0	72.9	72.9
Average Weekly Earnings ($), SA	1,038.69	1,071.81	--	1088.45	1083.98	1095.42	1085.89	--	--
y/y % change	4.6	3.3	--	3.6	3.9	4.0	3.4	--	--
Price Indices									
NEW: Consumer Price Index (y/y % change)	2.4	1.1	-0.5	1.0	1.4	0.6	0.6	0.0	-0.5
Excluding food and energy	0.8	1.3	--	1.4	1.1	1.2	0.9	1.1	0.8
Non-Res. Building Cons. Price Index[2] (y/y % change)	3.4	3.8	--	--	3.5	--	--	3.0	--
Farm Product Price Index (y/y % change)	18.0	5.2	--	5.0	2.3	--	--	--	--
Crops	19.3	1.9	--	4.2	1.7	--	--	--	--
Livestock	16.7	7.8	--	5.2	3.7	--	--	--	--
Household Sector									
Housing Starts (SAAR, 000's)	25.7	33.4	29.3	29.2	33.4	33.7	39.6	30.1	29.3
y/y % change	-5.1	29.9	12.1	-5.9	34.2	-0.2	31.8	5.3	12.1
New Housing Price Index[3] (y/y % change)	0.4	1.3	--	1.6	1.8	1.6	1.7	1.9	--
Edmonton	0.9	0.9	--	0.9	1.3	0.8	0.8	1.0	--
Calgary	-0.1	1.7	--	2.4	2.3	2.4	2.8	3.1	--
MLS Average Resale Prices ($ 000's)	352.7	362.0	363.0	365.5	360.1	369.5	370.7	372.2	363.0
y/y % change	0.5	2.6	5.3	3.6	0.2	3.9	4.2	5.2	5.3
Edmonton ($ 000's)	324.2	332.7	334.9	335.9	318.7	336.8	343	345.9	334.9
y/y % change	-0.7	2.6	0.8	2.8	-4.4	2.0	5.3	4.4	0.8
Calgary ($ 000's)	401.9	410.8	414.9	414.7	413.4	421.4	419.3	436.0	414.9
y/y % change	1.1	2.2	10.4	2.2	0.9	3.5	3.1	8.3	10.4
NEW: Retail Sales, SA (y/y % change)	6.9	7.6	--	8.4	7.8	6.0	3.9	1.9	--
New Motor Vehicle Sales (y/y % change)	9.6	10.5	--	9.0	15.7	9.1	2.6	-0.7	--
Consumer Bankruptcies	7,029	5,413	--	454	421	489	420	--	--
y/y % change	-13.8	-17.3	--	-23.7	-19.8	-5.0	-27.2	--	--
Business Sector									
Rigs Drilling	286	250	368	223	229	236	258	287	368
y/y % change	30.4	-12.6	8.2	-30.9	-33.7	-29.6	-21.8	-16.6	8.2
Goods Exports, customs based (y/y % change)	18.5	2.4	--	-7.6	9.0	7.0	-3.2	-13.7	--
Energy	19.2	2.9	--	-10.0	-8.9	9.4	-1.9	-17.6	--
Farm, Fishing and Intermediate Food	27.2	20.4	--	30.4	25.2	26.2	6.3	20.0	--
Farm Cash Receipts (quarterly, y/y % change)	15.2	15.0	--	--	8.8	--	--	--	--
Manufacturing Shipments, SA (y/y % change)	18.0	5.0	--	5.0	0.8	0.7	-7.9	-9.0	--
Wholesale Trade, SA (y/y % change)	15.0	11.9	--	9.6	7.4	4.5	4.9	--	--
Building Permits, SA (y/y % change)	11.8	-15.2	--	11.0	6.1	25.5	26.3	--	--
Residential	5.2	19.0	--	30.2	9.4	15.2	23.9	--	--
Non-residential	20.9	10.5	--	-10.4	1.4	42.2	29.9	--	--
Business Bankruptcies	264	214	--	10.0	21.0	18.0	15.0	--	--
y/y % change	-30.2	-13.0	--	-61.5	-8.7	-40.0	-21.1	--	--

YTD (year to date) represents the change since the beginning of the year compared to the same period in the previous year. "SA" denotes seasonally adjusted. "SAAR" denotes seasonally adjusted at annual rate.

[1]Quarterly, annual numbers are presented on a census year basis (July 1–June 30).

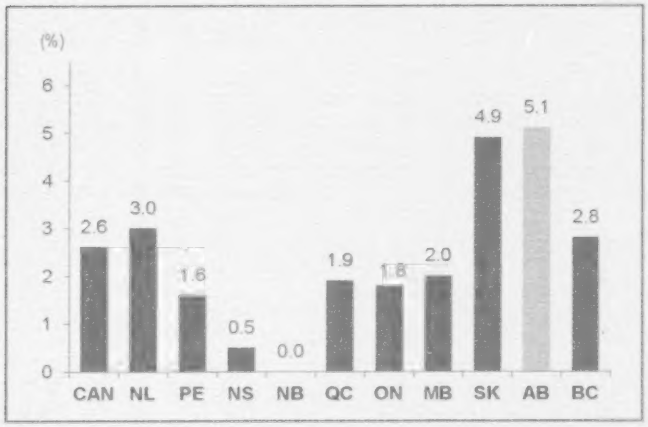
[2]Quarterly, average of Calgary and Edmonton.

[3]Average of Calgary and Edmonton.

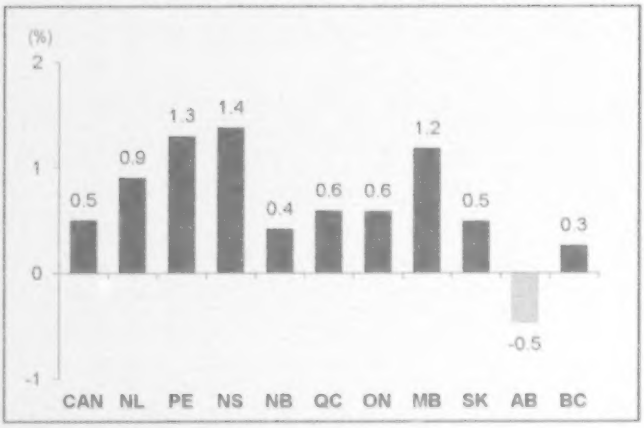
Sources All data is from Statistics Canada except Housing Starts (Canada Mortgage and Housing Corporation), MLS Average Resale Prices (Canadian Real Estate Association), Rigs Drilling (Canadian Association of Oilwell Drilling Contractors) and Bankruptcies (Office of the Superintendent of Bankruptcy Canada).

Economic Indicators by Province

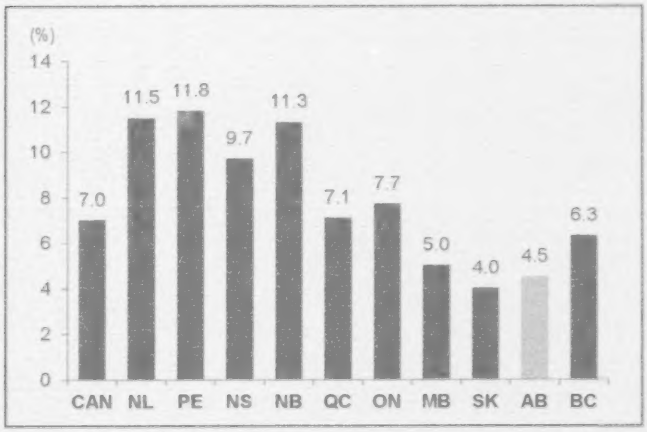
Real GDP Growth
(2011, year-over-year growth)



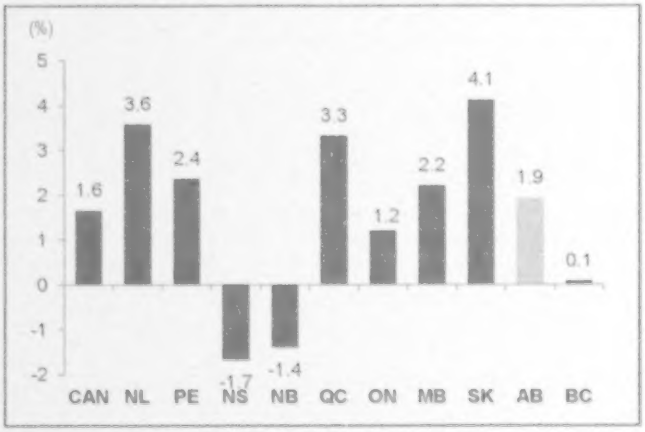
CPI Inflation
(January 2013, year-over-year growth in CPI)



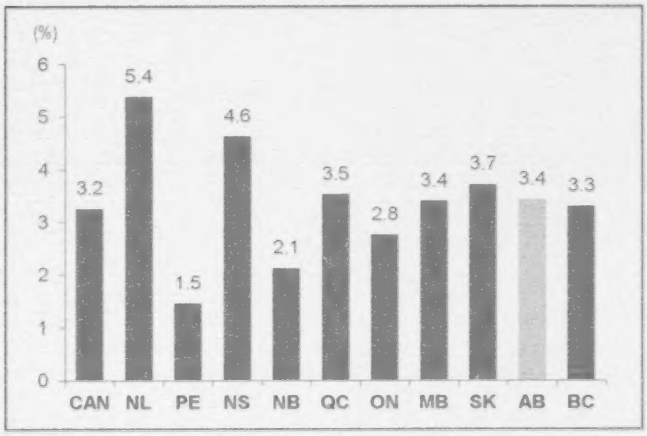
Unemployment Rate
(January 2013)



Employment
(January 2013, year-over-year growth)



Average Weekly Earnings
(November 2012, year-over-year growth)



Housing Starts
(January 2013, SAAR, year-over-year growth)